



Misfits Market

2021 Annual Report

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Our Founder's Message



Abhi Ramesh

Three years ago, we started a movement to address food inequity and provide everyone, regardless of where they live, access to quality food delivered in an affordable way.

What started as a mystery box of organic produce, hand-delivered with a combination of rented pickup trucks and Ubers in Philadelphia, is now a nationwide business with more than 1,300 employees, with plans to hire 1,000 more in the coming year.

Collectively our team at Misfits Market reaches customers in more than 38,000 zip codes across 44 states, and has rescued more than 228 million pounds of food. I'm fiercely proud of what we've accomplished and how far we've come—but there is still so much work to be done.

More than 23 million Americans, the majority of whom are low-income, live in food deserts. Lack of access to quality food options (including fresh and healthy food) is an endemic problem and one we aim to solve by delivering to every zip code—urban, suburban, and rural. While others in the industry rush to deliver unsustainable convenience in overserved major metropolitan areas, we've kept our compass focused on accessibility for everyone. **Our north star is singularly**

aimed at delivering all the groceries everyday Americans need, plus some fun extras, both conveniently and affordably. To achieve this, we must replace the outdated supply chain and grocery model that treats rampant waste and inefficiency as standard line items.

Over the past year, we have focused on two areas to achieve our mission. The first is building new relationships with additional farmers and producers to expand the variety of products we offer so Misfits Market can become a go-to destination for weekly grocery shopping. We've intentionally focused on making items that are traditionally priced out of reach (such as grass-fed meats, organic cheese, and vegan products) affordable and accessible to all. We've more than doubled our selection in the last six months, adding new "aisles" for dairy, bakery, meat, seafood, and everyday pantry staples, including gluten-free and keto-friendly items. We expect to double the variety of products again within the next six months.

Secondly, we've focused on geographic expansion by entering 10 new states in the past year, and soon we will be serving every zip code in the lower 48. This brings us one step closer to our goal of eradicating food deserts in

America by 2025. **We're making it easier for people to purchase quality groceries that are healthy and fresh.** We know they want to make these choices—they just haven't been able to because it's previously been too expensive or unavailable in their area.

We must also acknowledge that, as we've grown, so has our footprint on the planet. In the year ahead, we will be looking at that impact and coming up with plans to mitigate it.

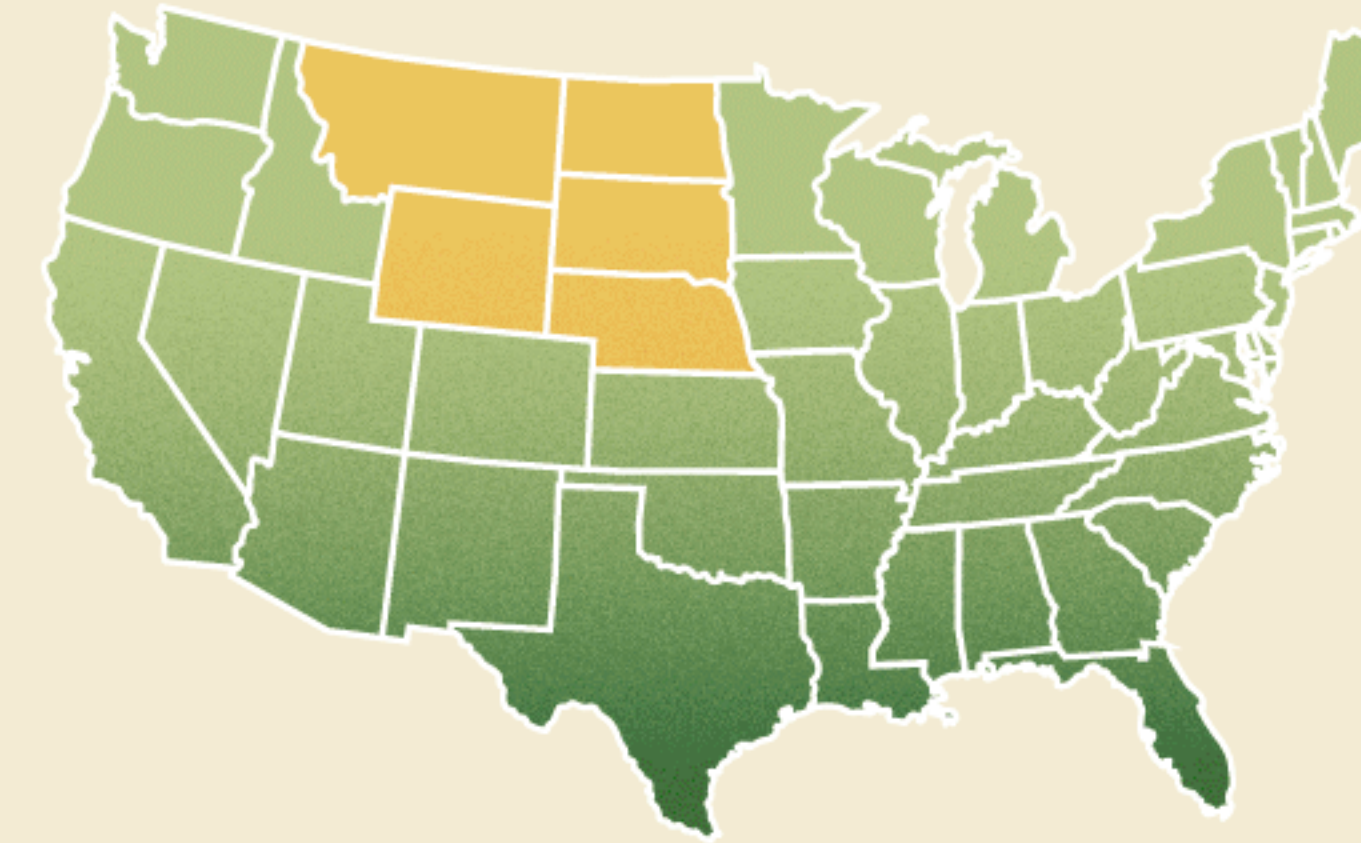
As the report that follows lays out, we have come a long way in our journey, but we are by no means ready to slow down. We continue to be driven by the beliefs that inefficiencies don't need to be the industry standard, and that no great idea is too lofty or unattainable.

Thank you to the Misfits Market community of employees, farmers, food producers, and customers for everything we've done together so far in helping create a more efficient food system. **A mission this ambitious is impossible to achieve alone.** We can't wait to see how we can drive more positive impact in the year ahead!

Abhi Ramesh

Our Journey

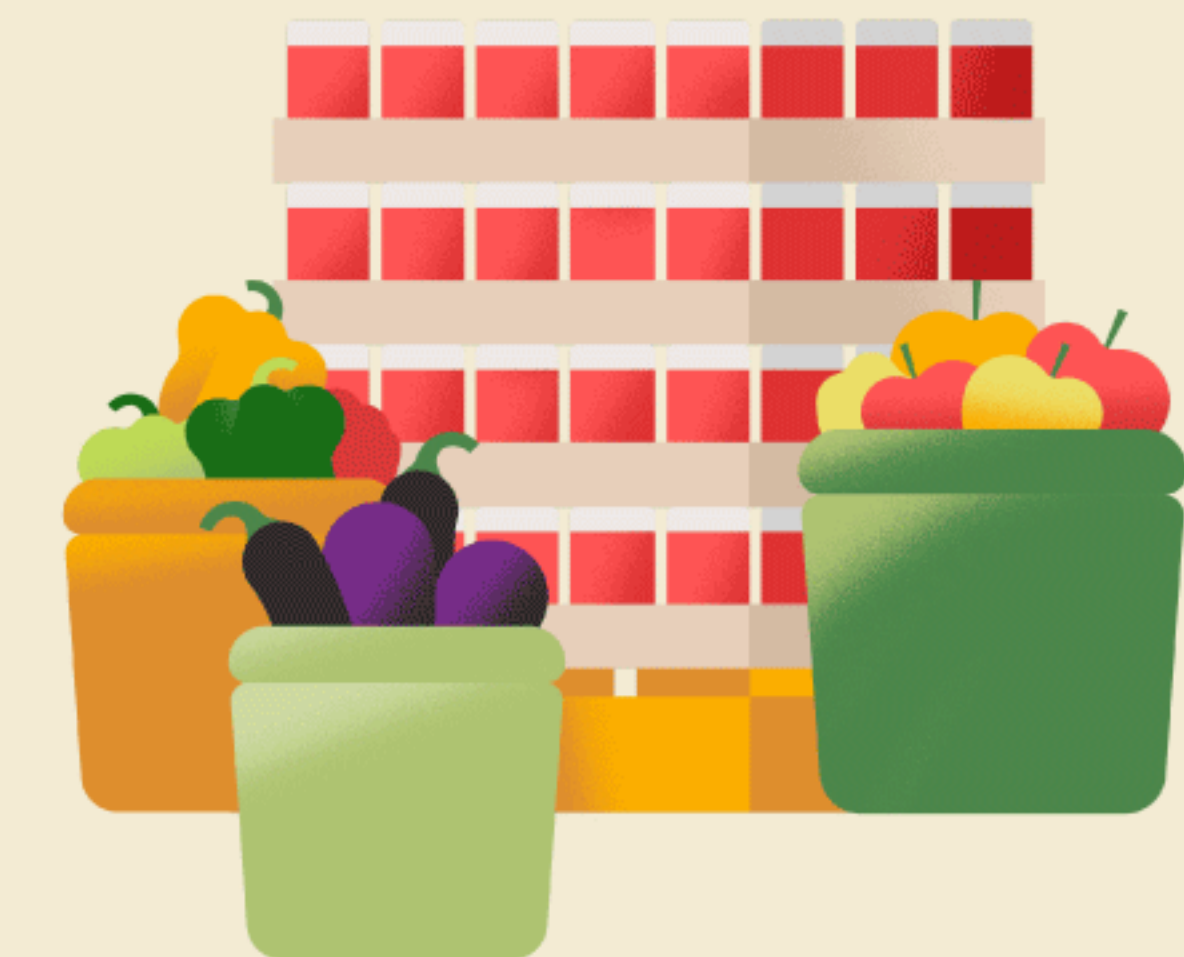
Looking back, so much has happened in only three years.



Now delivering to **44 states**



More than 11 million orders to date



228 million pounds of food rescued since 2018

Our Journey

Misfits Market Milestones



2018

September: Our first delivery



2019

November: Pantry launch

December: 22,973,406 pounds of food rescued



2020

August: Custom-built facility in New Jersey opens

October: First Utah facility opens

December: 77,321,670 pounds of food rescued



2021

May: First upcycled product sold

June: First Texas facility opens
Meat & Seafood launch

December: 128,236,428 pounds of food rescued

Bread launch



2022

January: Eggs & Dairy launch

February: Wine launch

What's behind this growth?

Above all, it's our shared values.

In everything we do, we aim to improve the food system in one of these three ways.

VALUE 1

Affordability

VALUE 2

Accessibility

VALUE 3

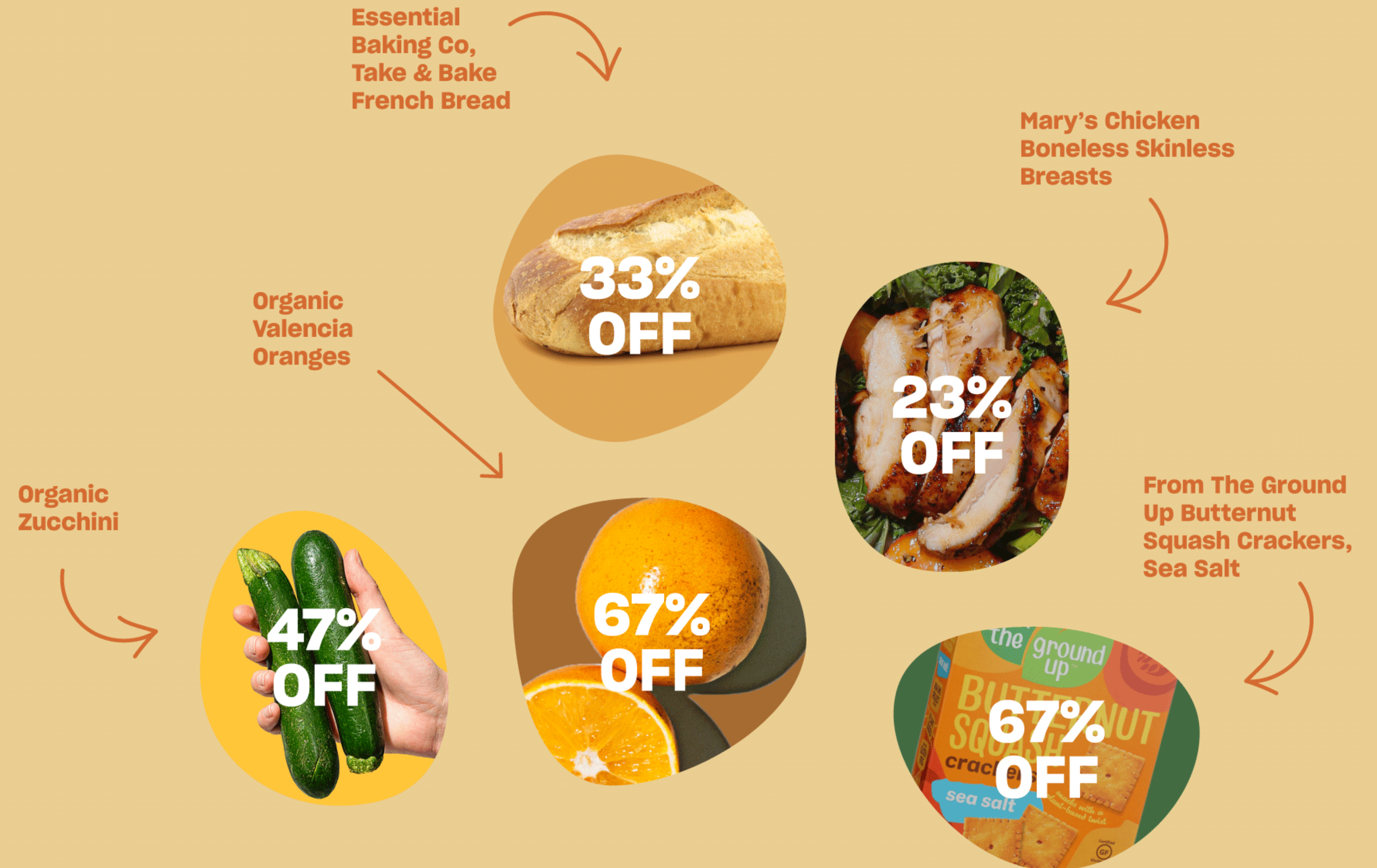
Sustainability

VALUE 1

Affordability



Affordability
means clear savings
on quality items.



Affordability means finding ways to improve the supply chain in order to bring customers more savings.

Traditional Supply Chain



The Misfits Market Journey



↑ Cutting out the middleman in the supply chain is how we can pass savings on to you!

Affordability means adding value back into the supply chain by rescuing food that would otherwise go to waste.



"Misfits Market inspired us to look at inefficiencies in our own production systems. We found that bits of one of our most popular products were going unused, so we rolled those into a brand new item– the “Upcycled” Stroopwafel– and created an **unexpected additional revenue stream for the company**, while at the same time expanding our reach to a new audience. It’s one of our favorite company achievements where **sustainability and profitability** were achieved in perfect harmony.”

Anouck Gotlib
CEO
Belgian Boys



“**All farmers struggle with food waste.** Then a company like Misfits Market comes along. Misfits Market helps us with all that food waste. They found a niche that could satisfy the end user... **That has helped us as farmers get higher production out of the field and put more of the food on people’s tables.**”

Juan Gonzalez
Head of Operations
Lakeside Organic Gardens



Affordability
is a big thing our
members rave about
on social media.

“Every week I am so happy when my order comes! I live in the middle of nowhere and I save so much money every week for the best groceries. Thanks for delivering to my house!”

-Rebecca W.

“I am so glad that my choice to cook everything for my family from scratch doesn’t have to come with a hefty price tag.”

-Edith D.



“This is a great store! I ran the comparison and I save 30% over my local market prices, and often the produce quality is BETTER. Try the celery—it’s huge!”

-Erika F.

“Not an ad... but if you haven’t tried Misfits Market yet, you totally should! It’s really discounted organic produce and pantry items (especially gluten free items), and they are way better quality than I ever find at the store. I love finding really unique items to try, like persimmons! It’s been fun to explore something new each week with my kiddos.”

-Christen S.

VALUE 2

Accessibility



Accessibility is also crucial for us. That means we strive to deliver more quality food to people, no matter where they live.

This commitment started last April with a [pledge](#) to eradicate food deserts in America by 2025. Rooted in our three core pillars of affordability, accessibility, and sustainability, we believe that we are uniquely positioned to address the enormous issue of food insecurity in this country, one that has only been exacerbated by rising inflation and the effects of the COVID-19 pandemic over the past two years.¹

However, before we provide an update on that commitment, we want to address the vocabulary we're using to talk about these systemic issues. The term "food deserts" was first used in Scotland in the early 1990s to refer to urban areas that have constraints when it comes to finding affordable and healthy food options². That term has since gained traction in the United States to refer to similar socioeconomic circumstances. The USDA defines food deserts as areas with **low income** and **low access**; specifically, areas with at least a 20% poverty rate, and/or urban areas where at least 33% of the population lives more than one mile from the nearest grocery store, or more than 10 miles in rural areas³.

But following a discussion that has been brought to light in the past few years by food activists and scholars, we have learned that the term "food deserts" misses the mark in a few key ways. Namely, deserts are not man-made, but instead are "naturally occurring ecosystems"⁴. Food deserts, on the other hand, are not naturally occurring at all. Critics have pointed out that continuing to use this term fails to capture the intentionality of decades of food and economic policy, as well as structural racism, that has created massive inequities in food access throughout this country⁵. Instead, an alternative term has been offered to address the motivations behind this widening gap: **food apartheid**.

By embracing the call to end food apartheid, we can begin to acknowledge the role that systems play in creating the conditions for inequitable food access in this country. Language matters, as it carries layers of history and significance.

*See next page for sources.

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Misfits Market plans to double down on our commitment to ending food apartheid in America by 2025 through the following actions:

1. Continuing to offer and **expand the selection of affordable groceries** that we sell to customers at savings of up to 40%.
2. **Lowering the barrier to accessing high-quality groceries** by delivering to every zip code in the 48 contiguous states, regardless of population density in those areas.
3. **Taking stock of our impact on the environment and the communities we serve** in order to create the most sustainable organization, in every sense of the word.

We invite you to follow along with us as we continue to tackle this critical work. When the stakes are this high, we need our community and our stakeholders to help us hold ourselves accountable.

SOURCES

¹Feeding America:
https://www.feedingamerica.org/sites/default/files/2021-03/National%20Projections%20Brief_3.9.2021_0.pdf

²The National Center for Biotechnology Information:
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1123946/#!po=83.3333>

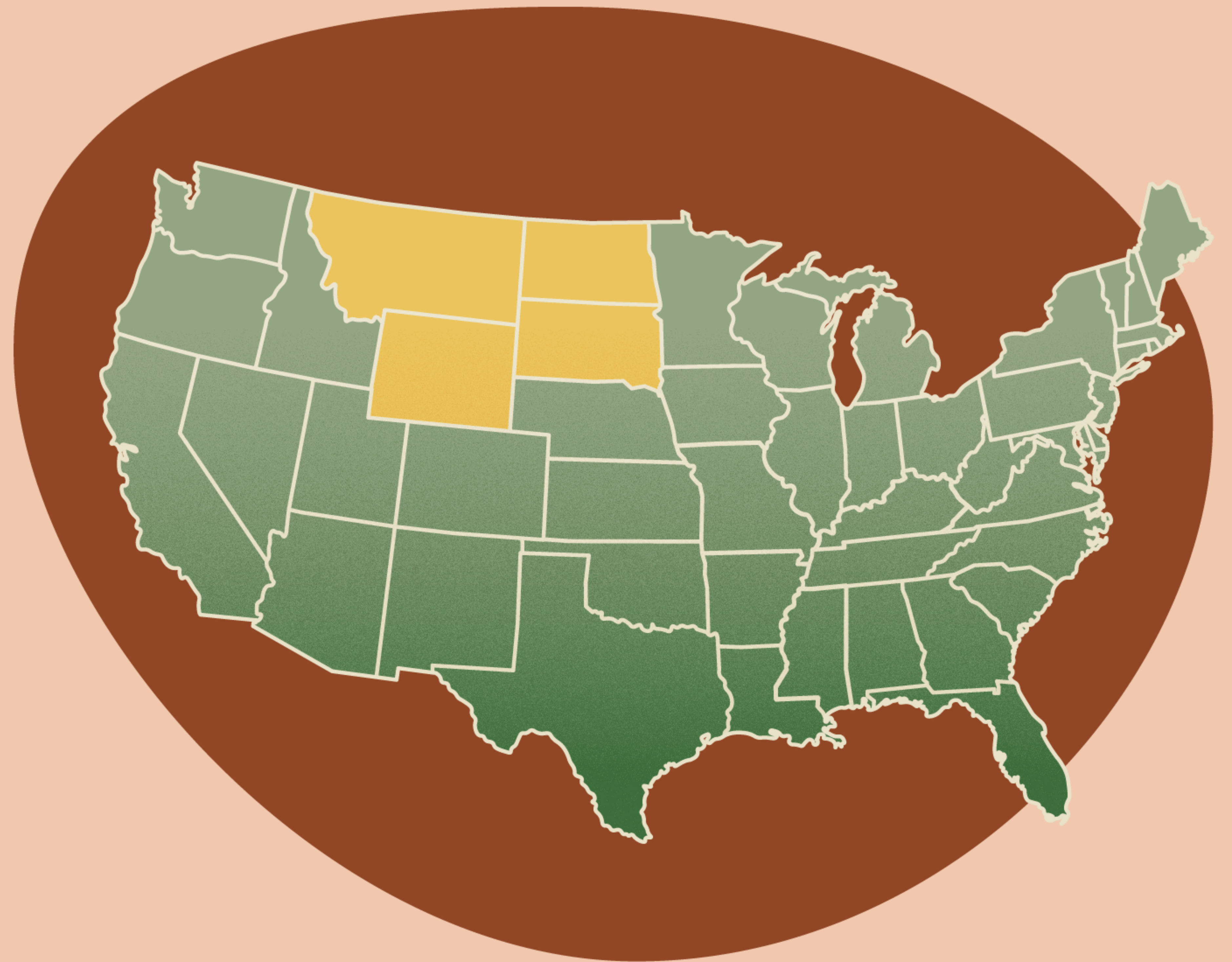
³Economic Research Service:
<https://www.ers.usda.gov/amber-waves/2011/december/data-feature-mapping-food-deserts-in-the-us/>

⁴The Counter:
<https://thecounter.org/critics-say-its-time-to-stop-using-the-term-food-deserts-food-insecurity/>

⁵Brookings:
<https://www.brookings.edu/research/beyond-food-deserts-america-needs-a-new-approach-to-mapping-food-insecurity/>



Soon we'll be just a few clicks away in almost every zip code. We're making good on our promise that as we expand, we're delivering not just to more states, but to all neighborhoods within those states.



A word about food access. When people hear the term “food deserts” they tend to think only about underserved areas in big cities. But rural areas are also lacking access.

From Ellsworth, Maine to Salmon, Idaho, and everywhere in between, Misfits Market is committed to delivering to our communities far and wide. Accessibility means bringing fresh groceries to our members' doorsteps across the country, especially in geographic areas often underserved or overlooked by other national retailers.



How our members talk about accessibility



YUMA, AZ



Natallia Parkhimtchik

Yuma, AZ

Member Since: September 2021

Favorite Misfits Market Item: organic arugula, purple sweet potatoes, and blackberries

“We live on a tiny, somewhat isolated Army base in Yuma where quality groceries aren’t easily accessible. Thank you for delivering here!”

TRES
PIEDRAS,
NM



LaVonne Ellis

Tres Piedras, NM

Member Since: August 2021

Favorite Misfits Market Item: Core & Rind cashew cheese sauce—it’s sharp and tangy!

“I am loving my weekly box. I live 30 miles from the nearest supermarket, so this really saves money.”

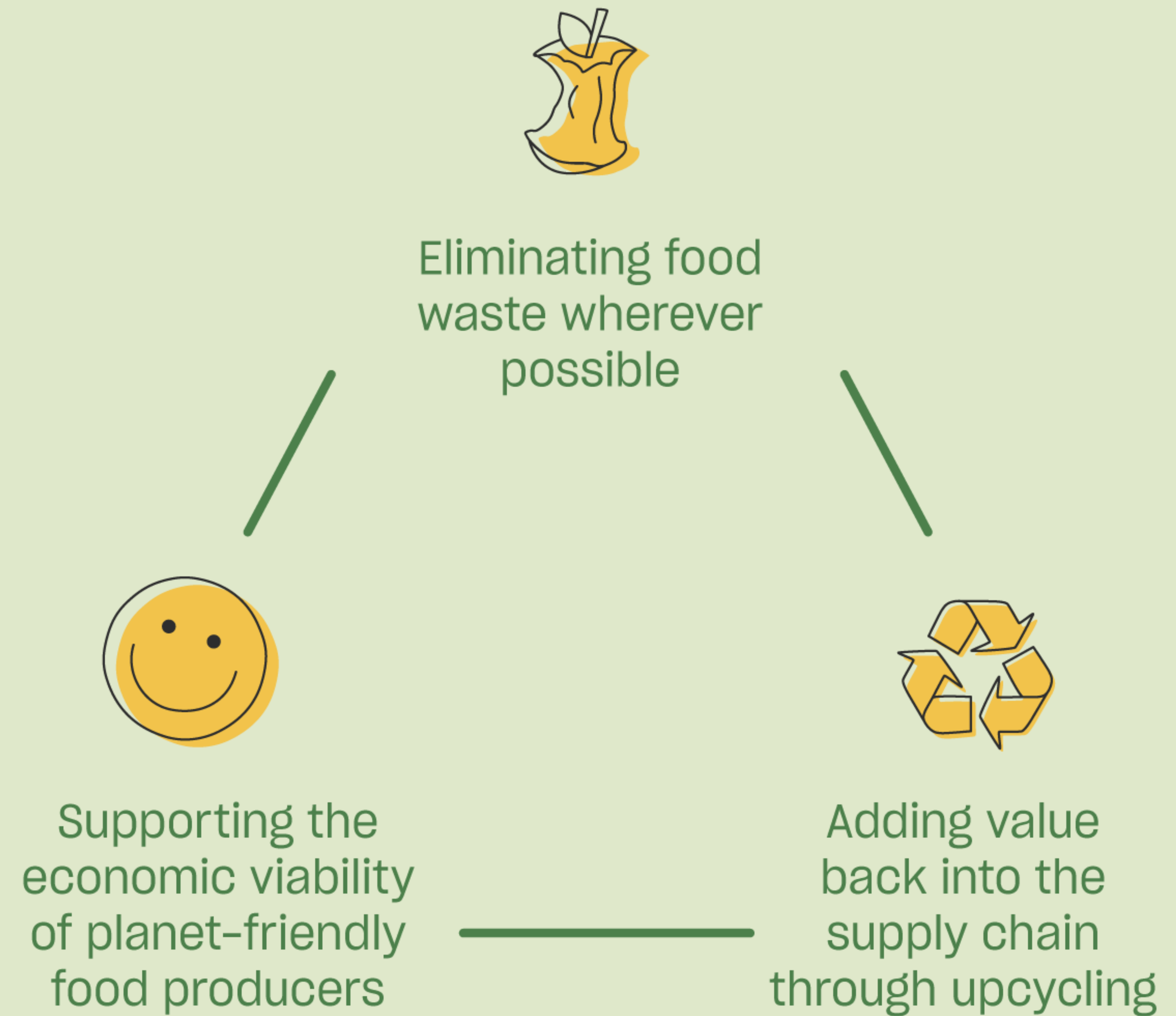


VALUE 3

Sustainability



Sustainability is how we make the food system stronger—and it can mean a lot of different things. To us, it's about:





Sustainability is a big issue and we're committed to doing our part.



SOURCES

¹ReFed: <https://refed.org/food-waste/the-challenge/#overview>

²Project Drawdown: <https://drawdown.org/solutions/table-of-solutions>

³Internal Misfits Market data

When food is unused, we waste natural resources...

- ✓ According to data from ReFED, a leading national nonprofit committed to reducing food waste, uneaten food in this country accounts for 14% of all freshwater usage, 18% of cropland usage, 4% of greenhouse gas emissions, and 24% of landfill inputs (food is estimated to be the number one material thrown into landfills by the EPA).¹
- ✓ Research published by Project Drawdown named food waste reduction as the number one most effective solution to tackling climate change on a global scale.²

...and farmers lose out on revenue.

- ✓ Nearly 35% of the 504 billion pounds of food in this country goes unsold or uneaten. That's the equivalent of 170 billion pounds wasted, which costs the food industry \$250 billion dollars. This affects farmers, manufacturers restaurants and more.¹
- ✓ Rescuing food is not only good for the environment, but it also drove close to \$90 million in revenue (70 cents per pound) to our farmers and suppliers in 2021.³

By the end of 2021, Misfits Market rescued more than 128 million pounds of food—and we're just getting started.

When you break it down, there's so much food to be saved. **Look at what we rescued in 2021:**



The creative ways to upcycle are endless.



Upcycling means breathing new life into discarded ingredients by repurposing them into something fresh (and delicious!). With a bit of creativity, this **value-added process** allows us to have a **net-positive impact on the environment**, provide **new revenue streams for our suppliers**, and deliver a **reimagined pantry of the future** to our members. It's kind of like a win-win-win.



Belgian Boys Upcycled Stroopwafel

We partnered with Belgian Boys to utilize stroopwafel edge pieces left over during the production process. Once we stepped in, we were able to reduce food waste by creating a delicious upcycled treat. (Every bite contains 12.5% repurposed cookie bits!)



Misfits Market Pumpkin Purée

Nature made a fresh batch of pumpkins slightly too sweet, which resulted in a pumpkin purée that was too sugary for grocery store standards. We determined this canned purée still deserved a spot on pantry shelves, so we rescued it from going to waste.



88 Acres Edge'nola

We partnered with 88 Acres and JetBlue to rescue the edge pieces from 88 Acres' line of in-flight seed bars. By stepping in during the production process, we were able to reduce food waste while creating a delicious, custom bite-sized snack that was exclusive to Misfits Market.



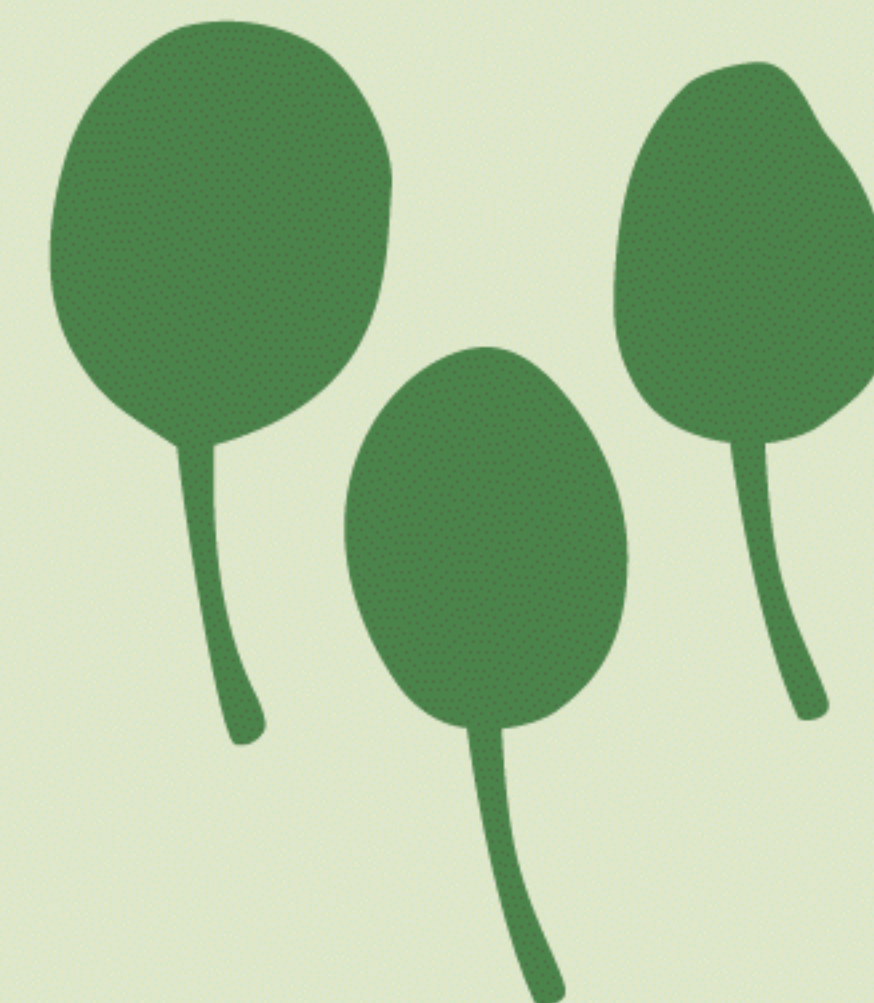
Normal Carrot Cake Ice Cream

The folks at Normal Ice Cream make delicious frozen treats—and we provided rescued organic carrots to create an exclusive carrot cake ice cream practically straight from the field. It was one sweet way to prove how rescued produce can find new life.



Earth Greens Tender Leaves

Earth Greens grows and packs nutritious leafy greens, so when we learned they had a surplus of lettuces each week, we teamed up with them to rescue the excess. The result: a delicious combo of green goodness. Since what's left over changes weekly, each individual package mix will vary.



Our values of affordability, accessibility, and sustainability come to life beyond just what we sell on our website.

They can also be seen in how we give back to our communities.



In 2021, our donations were focused in three areas:

1
Supporting hunger relief organizations and food banks

2
Helping those affected by natural disasters

3
Creating special projects focused on alleviating food insecurity (think: community fridges)

We believe that everyone deserves access to nourishing food. Supporting this effort wouldn't be possible without our community through our skipped box donation program and other give-back opportunities.

In 2021, we

- ✓ Became an official partner of Feeding America, donating more than 1.5 million meals to their network of 200 food banks nationwide in 2021,*
- ✓ In addition to this partnership, we also contributed to Feeding America's disaster relief efforts following the devastation of Hurricane Ida and the tornadoes in Kentucky and beyond.
- ✓ Continued to support community fridge projects in New York City and Philadelphia by keeping them stocked with fresh, organic produce,
- ✓ Partnered with a longtime supplier, Lancaster Farm Fresh Cooperative, to donate more than 4,900 boxes of fresh produce to families in need in the Philadelphia area,
- ✓ Toured the country to bump fists with our fans and volunteer at food banks along the way,
- ✓ Donated more than 970,000 pounds of food to local food banks in the greater Southern New Jersey, Salt Lake City, and Dallas-Fort Worth areas.



Our future is you.

There are so many parts of what makes Misfits Market special, including our employees, our customers, and our values. Together there's still so much more to do. Want to join our mission? Here's how!



Find available openings



Read the latest on our blog



Join Misfits Market



